RAJYA SABHA

Tuesday, the 30th July, 1985/8th Sravana, 1907 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Setting up of a new steel plant in Orissa during the Seventh Plan period

*101. SHRI M. S. GURUPADASWAMY:†
SHRI BISWA GOSWAMI:

Will the Minister of STEEL, MINES AND COAL be pleased to state:

(a) whether it is a fact that during his visit to Bhubaneswar in June this year he made a statement to the effect that a new steel plant would be set up in Orissa during the Seventh Plan period; and

(b) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. NATWAR SINGH): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir. Although the Seventh Five-Year Plan for the Steel Sector has not yet been finalised, it is hoped that the construction work of the new steel plant in Orissa would commence during that period.

(b) Feasibility Report prepared by MECON for the first phase of the plant has been received by the Project Authorities. The likely schedule of setting up of the plant will depend upon the investment decision which has not yet been taken. The notification for the acquisition of land has been issued by the State Government. Soil investigations have been completed—as also studies on the availability of water. Some other studies on provision of infrastructure facilities for the proposed plant are under way.

SHRI M. S. GURUPADASWAMY: Sir, may I say if you read the question you will not be able to understand what I have said. There is a printer's devil and I cannot make out what it is.

MR. CHAIRMAN: I have been noticing that the printing is very unsatisfactory. The leader of the House may take notice of it and see that the questions are properly printed and also the agenda is properly printed. Now please answer.

SHRI M. S. GURUPADASWAMY: Sir, may I request the Hon'ble Minister to read out the original question?

SHRI K. NATWAR SINGH: Sir, the question appears in a very garble form. (*Interruption*).

MR. CHAIRMAN: "The question is whether it is a fact that during his visit to Bhubaneswar etc....".

SHRI K. NATWAR SINGH: So, both Shri Sathe and I spent some time in figuring out what precisely Shri Gurupadaswamy meant. When it was discovered to be printer's devil, it was corrected subsequently. Sir, a statement is laid on the Table of the House.

SHRI M. S. GURUPADASWAMY: Sir, I went through the statement. The statement is very vague indeed. The first part of the answer to my question reads like this. "Although the Seventh Five-Year Plan for the Steel Sector has not yet been finalised, it is hoped that the construction work of the new steel plant in Orissa would commence during that period." It means, Sir, since the decision has not been taken in this regard, yet the construction work

†The question was actually asked on the floor of the House by Shri M. S. Gurupadaswamy.

may start at the fag end of the plan and it is not going to be finished during the plan period. May I take, if this is so, whether the Government is thinking of finishing or completing the plant in Bhubaneswar in Orissa before the end of the plan?

SHRI K. NATWAR SINGH: Sir, I wish, I could give the Hon'ble distinguished Member a categorical answer on this whether we can complete this before the end of the Seventh Plan or not, but that will depend on the timely availability of funds.

SHRI M. S. GURUPADASWAMY: This will depend on the timely availability of funds, is no answer. What I want to know is whether any assessment, realistic assessment, has been made about steel requirements in India and the type of steel we require and the price of steel that is now quoted. Whether any study, indepth study, has been made in this regard and what type of steel or what kind of steel is going to be produced in this plant?

SHRI K. NATWAR SINGH: Of course, as I have said in my reply to a question relating to this particular matter last Tuesday, it is going to be structurals of different types and therefore the reply that I gave to the kind of steel that we are going to make. The difficulty is that this plant, if it is completed to produce 150 thousand tonnes of sponge iron, 200 thousand tonnes of finished products in the shape of light structurals and bars it would, as I said, cost Rs. 422 crores. But if we were to go through with the integrated steel plant, it would be, as I said last week, about 3,000 crores.

SHRI M. S. GURUPADASWAMY: What is the decision?

SHRI K. NATWAR SINGH: Now the decision is that Government stands committed to going ahead with this plant. Whether we go with this first phase of 422 crores or if the Seventh Plan allocations for that are considerably reduced, and I fear they might be very very considerably reduced. We won't be able to go ahead very much.

SHRI M. S. GURUPADASWAMY: Sir, my quesiton has not been answered. I asked whether any assessment has been made about the steel requirements in India.

SHRI K. NATWAR SINGH: Yes Sir. We have made an assessment. This is a continuing exercise. We have done a survey upto the year 2000 AD. In 2000 AD, even if Vizag is completed which, I hope, will be completed before schedule time by 1990 and not 1992, the requirements of steel in India in the year 2000 AD would be 22 million tonnes while we will be producing 17 million tonnes—a shortfall of 5 million tonnes.

SHRI BISWA GOSWAMI: Sir, the statement of the hon. Minister is vague. But the hon. Union Minister, Mr. Vasant Sathe, declared in Bhubaneswar categorically that this steel plant would be set up. So I want to know from the hon. Minister by what time the Government will come to a definite conclusion as to the setting up of this steel plant. In the statement he has mentioned so many "ifs"—if water is available, if the funds are available, etc. That is no reply. But the hon. Minister categorically stated in Bhubaneswar that the steel plant would be set up. So I want to know categorically by what time the Government will come to a decision. Further, I want to know from the hon. Minister whether there is any proposal before the Government for the setting up of mini-steel plants. And is there any proposal before the Government to set up a mini-steel plant in Assam?

MR. CHAIRMAN: The second part of the question is not relevant.

SHRI BISWA GOSWAMI: Assam is very near Orissa.

MR. CHAIRMAN: But you cannot travel from Orissa to Assam on this question.

SHRI VASANT SATHE: Well, in Bhubaneswar I had stated that we are committed to the plant in Daitari which is in Orissa. The work on the plant depends, as I had explained then also, on our getting the report of the expert committee, that is, MECON, about the new, latest technology which will make the plant economical. I am glad to say that we have received that report. We are examining it. And based on this new technology and subject, of course, to the availability of resources in the Seventh Five Year Plan, which is being finalised, we should be able to start work on the Daitari plant in the Seventh Five Year Plan.

SHRI INDRADEEP SINHA: Mr. Chairman, Sir, I was rather intrigued by the answer and the explanations given by the hon. Minister to the House. The hon. Minister has admitted that by the year 2000, the deficit in steel will be nearly five million tonnes. Annually we are having a deficit in steel and we are importing steel. The existing plants are not running even to the required capacity— I am not talking of the full capacity— although there is one private sector plant, TISCO, which runs above capacity. That is a different question. My question is whether the Government has any proposal for raising additional resources for financing the setting up of the steel plants which are so vital for the industrial development of the country. For example, when the Tatas were allowed to take a loan from the World Bank, they were allowed to impose a levy on the price of steel and out of that— levy, World Bank loan was repaid. So actually the loan was repaid by the country as a whole, not by the Tatas. Is there any proposal now before the Government to impose a special levy on the big private sector industries so as to raise capital for financing the steel plants which are so vital both for the private sector and the public sector?

SHRI VASANT SATHE: Sir, we are thinking of various avenues for raising resources. And we are now willing, as far as the mini-steel plant sector is concerned, to allow private parties, our Indian residents abroad or even the joint sector to go in for mini-steel plants. And we are also visualising that if new technologies are established in our country, we should be able have enough small plants which will be able to fill up the gap even by 2000 by getting the private sector also to bring resources because the public sector's capacity to generate resources is limited. Therefore, we are welcoming it in other areas. About his levy, I am not sure. There is already a Steel Development Fund. Whether we can think of your idea can be examined. Levies by themselves will not be enough. We are thinking of all avenues for drawing resources.

SHRI GAYA CHAND BHUYAN: The honourable Minister said that there is a commitment of the Government to have the establishment of a steel plant. Previously the commitment was to have a steel plant at Paradip, a bigger one, and that was a Puja gift. But it was declined later and that gift remained only a gift and it was shifted to Daitari. When Paradip Phosphate Ltd. could be established at Paradip, there was no reason to shift the steel plant from there. Therefore, I want to know from the Minister whether this plant at Daitari will be as big as the one proposed at Paradip.

MR. CHAIRMAN: The Minister has already replied to that. He has said that the first phase will be Rs. 422 crores and depending on the finances, it will be considered.

SHRI GAYA CHAND BHUYAN: My question is about the size of the plant...

SHRI K. NATWAR SINGH: The first portion of the honourable Member's question was why this was shifted from Paradip to Daitari. I said last week that we got experts to look into this problem and for meteorological reasons it was decided to have it at Daitari which also happens to be only 120 kms. way from Paradip. With regard to the size I have said that we were to go in for an integrated plant with all the elements running into a little over Rs. 1000 crores. We have divided it into three phases. The three phases would cost about Rs. 422 crores.

SHRI NIRMAL CHATTERJEE: They talk of vitamin C even in such an important matter as production of steel. Non-economic considerations weigh heavily in sitting new areas. What I want to know from the Minister is this. There are all kinds of alternatives—renovating an earlier one, expanding an already established one and then establishing a new unit. We know Orissa is very rich in resources. My question is: To what extent in deciding expansion or establishment of new industries the location of such units is determined by economic considerations and to what extent do other non-economic considerations enter into this decision-making?

SHRI K. NATWAR SINGH: The paramount consideration must be economic profitability. I do not know what precisely the honourable Member has in mind when he says there are extraneous considerations...

SHRI NIRMAL CHATTERJEE: Is this Orissa proposal economically more feasible or not? If it is, then why this hesitation in taking a final decision on this Orissa unit? That is what I am asking.

SHRI K. NATWAR SINGH: There is no quesion of its not being economically feasible. It is only the constraint of funds, the availability of funds, which is the problem in front of us.

India's Trade with ESCAP, East and South Asian Countries

*102. SHRI KRISHNA KUMAR BIRLA: Will the Minister of COMMERCE be pleased to state:

(a) what was the extent of India's trade with the ESCAP countries as compared to the trade with countries in the East and South Asian regions during 1980-81, 1981-82, 1982-83 and 1983-84; and

(b) whether any new export promotion and marketing strategy for Indian goods in the East and South Asian regions is proposed to be undertaken by Government; if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA): (a) and (b) A statement is laid on the Table of the House.

Statement

(*a*) Figures of exports to ESCAP countries as well as to the East and South Asian Regions are given below:—

(*Rs. in* crores

Year	India's exports	India's imports
(*A*) *Total for all ESCAP countries including Regional and Non-Regional Members.*		
1980-81 . . .	4379	7422
1981-82 . . .	5058	5655
1982-83 . . .	5095	7741
1983-84 . . .	5681	8931